

博士学位論文審査報告書

Summary of Doctoral Thesis and Report of Examination

研究科長 殿

下記のとおり、審査結果を報告します。

To the Dean:

We report the result of Examination for the Doctoral Thesis below.

学籍番号 Student I.D. No.: 4009S004 -

学生氏名 Name: Fithra Faisal Hastiadi

和文題名 Title in Japanese: 日中韓による貿易戦略のASEAN4に与える影響:

東アジアにおける地域化から地域主義への移行

英文題名 Title in English: The Effect of China-Japan-Korea (CJK)'s Trade Strategy to ASEAN4 Countries:
From Regionalization to Regionalism in East Asia

記

1. 口述試験参加教員 Faculty Members Involved in Oral Examination

①審査委員会主査 Chief Referee of the Screening Committee

氏名 Name: 浦田秀次郎 印

所属 Affiliated Institution: アジア太平洋研究科

資格 Status: 教授

博士学位名・取得大学名: Ph.D. Title Earned・Name of Institution

Ph.D. スタンフォード大学

②副査(審査委員1) Deputy Advisor (Member of Screening Committee 1)

氏名 Name: 不破信彦 印

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Ph.D. カリフォルニア大学バークレー校

③審査委員2 Member of Screening Committee 2

氏名 Name: 加藤篤行 印

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博士学位名・取得大学名: Ph.D. Title Earned・Name of Institution

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氏名 Name: 横田一彦 印

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博士学位名・取得大学名: Ph.D. Title Earned・Name of Institution

Ph.D. コロラド大学

2. 開催日時 Date / Time: (Y)2012 / (M) 11 / (D) 24 (Time) 3時限 ~ 4時限

[時限 / Period] 1st: 9:00-10:30, 2nd: 10:40-12:10, 3rd: 13:00-14:30, 4th: 14:45-16:15, 5th: 16:30-18:00, 6th: 18:15-19:45, 7th: 20:00-21:30

3. 会場 Venue: 19-314

4. 合否判定 Result: ○合/Passed・否/Failed (該当する方に○ Circle as appropriate)

5. 添付資料 Attached document(s)

7枚 pages (和文4,000字程度、もしくは英文1,500語程度。ただし、論文題目のみは、和文・英文を併記すること)

(Approximately 4,000 characters in Japanese, or 1,500 words in English. The Doctoral Thesis title, however, must be written in both Japanese and English.)

Report of Submitted Ph.D Dissertation

Name: Fithra Faisal Hastiadi

Title: The Effect of China-Japan-Korea (CJK)'s Trade Strategy to ASEAN4 Countries:
From Regionalization to Regionalism in East Asia

邦語タイトル：日中韓による貿易戦略のASEAN 4に与える影響：東アジアにおける地域化から地域主義への移行

I. Overview of the Dissertation

Regionalism has begun to emerge in East Asia in recent decades. One form of regionalism that has been pursued by East Asian countries is free trade agreement (FTA). Indeed, a number of FTAs have been enacted by East Asian countries, leading to the proliferation of FTAs. Prior to these developments, East Asian countries promoted regional economic integration through market mechanism without the enactment of FTAs. The market-driven regionalization, which was promoted by liberalization policies in trade and foreign direct investment (FDI), led to rapid economic growth of East Asia. Further liberalization in trade and FDI policies was recognized as a way to sustain and increase economic growth by policy makers. Faced with the stalled trade negotiations under the World Trade Organization (WTO), policy makers have opted for the establishment of FTAs, in order to achieve economic growth through export expansion. Besides, the expansion of FTAs in the rest of the world forced East Asian countries to follow suit, since FTAs have discriminatory impacts in that non-FTA members are discriminated against vis-à-vis members in terms of market access. Against this background, research in this dissertation was undertaken.

The purpose of this research is to assess the economic impacts of China, Japan, and Korea on ASEAN countries, and to identify the policies for these three countries (CJK) that may contribute to economic growth of ASEAN and East Asia. Basically three different approaches were adopted to address these questions. One is macroeconomic approach, which tries to identify short-run and long-run economic relationship between CJK on the one hand and the ASEAN countries on the other hand. Using econometric methods, the study finds substantial spillover effect of economic growth by CJK on ASEAN countries through international trade. It is argued that the

formation of CJK FTA would not only strengthen their contribution to economic growth of ASEAN and East Asia but also facilitate the formation of a region-wide FTA in East Asia. The second approach deals with intra-industry trade (IIT) between CJK and ASEAN countries. The study finds that expansion of IIT, especially vertical IIT, has contributed to economic growth of ASEAN, because vertical IIT transfers technology that is essential for achieving economic growth. Logistical performance was found to be one of the important factors promoting vertical IIT. The third approach is a theoretical one. Applying a game theory, the study computes payoffs for CJK for different FTA strategies with ASEAN countries. The analysis finds that the maximum benefits may be realized when CJK adopt the same strategy for the formation of a region-wide FTA, arguing the need for coordination. Based on these findings, the author argues that East Asian Regionalism, or an East Asia FTA, would enable the region to cope with the future challenges of globalization and remain internationally competitive, because an integrated East Asia would lead to the advancement in economies of scale and further development of production networks.

II. Chapter Outline and Contents of the Dissertation

Chapter 1: Making East Asian Regionalism Work

Chapter 2: East Asian Regionalism: The Role of North East Asian Nations

Chapter 3: The Impact of CJK's Vertical Intra Industry Trade on ASEAN4's GDP Per capita

Chapter 4: The Determinants of CJK's Vertical Intra Industry Trade to ASEAN4 countries

Chapter 5: China-Japan-Korea (CJK)'s FTA Strategy towards ASEAN Countries

Chapter 6: Epilogue

Chapter 1 presents the background of the research, the methodology, research questions and general hypotheses, brief summary of the whole dissertation, data sources

and variables used in the analysis. It also discusses the limitations of research. It serves to describe framework for the whole dissertation.

Chapter 2 examines the importance of China-Japan-Korea (CJK) in the formation of East Asian Regionalism. The results of the analysis show that economic growth of China, Japan and Korea is shown to have a positive spillover effect to their neighboring countries in East Asia such as those belonging to the Association of Southeast Asian Nations (ASEAN). Coordinated policy such as the formation of CJK FTA would provide a significant impact on economic growth of East Asia. To play such positive role, CJK need to solve their internal problems, which hinder their cooperation. It is true that they still have acceptable economic growth given the market driven framework that they enjoy today. But based on the results of the simulation analysis, it is clear that the market driven framework will not be sustainable for the region. According to Richard Baldwin's limited domino effect, regionalism such as the formation of a region-wide FTA would eventually come into force. Indeed, the test of convergence performed in this chapter indicates a great possibility that East Asia will become a one big group, as the spillover effect derived from the formation of a group would give the countries an incentive to join the group. It has also been shown that the trend towards a greater openness in East Asia would make the whole process of integration much easier.

Chapter 3 analyzes the patterns of trade between CJK on the one hand and the ASEAN countries on the other hand with an objective of identifying the mechanism through which CJK's economic growth has positive impacts on the ASEAN countries. The analysis reveals that the pattern of trade between CJK and the ASEAN can be categorized as vertical intra-industry trade (VIIT), which involves trade in parts and components, as opposed to inter-industry trade or horizontal intra-industry trade (HIIT). The analysis in this chapter shows that the advance in VIIT contributed economic growth in East Asia. One possible reason for the presence of such contribution is technology transfer that arises in VIIT. Multinational enterprises, which undertake VIIT by forming regional production networks, transfer technology from their parent firms to overseas affiliates as well as from their overseas affiliates to local firms. Such

technology transfer contributes to economic growth of the countries involved in regional production networks. The author argues that the Product Cycle Theory developed by Raymond Vernon explains the formation of VIIT. According to Vernon, industries are relocated from a maturing country to emerging countries through foreign direct investment because of the changing patterns of international competitiveness. In the case of East Asia, multinational enterprises in Japan and Korea, and, to some extent, China relocated their production facilities to ASEAN countries.

Chapter 4 attempts to discern the factors that have promoted VIIT between China, Japan, Korea on the one hand and the ASEAN countries on the other hand. The analysis finds that for the case of Japan's Vertical IIT to ASEAN4, wages and exchange rate in ASEAN4 countries play significant roles. While for the case of Korea, logistic performance, exchange rate and income gap contribute more than wages. In China's case, logistic performance, income gap and exchange rate, and industrialization process are shown to have more pronounced effect. From each of the cases, we can obtain that logistic performance and the differences in wage or income are major determinants for the CJK's Vertical IIT trend in ASEAN4 countries. As a result of economic growth of ASEAN countries with the expansion of regional production networks, income and wage gap are likely to be reduced. If that happens, we may observe the emergence and expansion of HIIT replacing VIIT in the future. Recognizing the importance of logistic performance for the expansion of VIIT between China and Korea on the one hand and the ASEAN countries on the other hand, the author argues that ASEAN countries need to improve logistic performance as many ASEAN countries are ranked rather low in logistic performance compared to other developing countries.

Chapter 5 examines the strategy for establishing a region-wide FTA in East Asia using a game-theoretic approach. The preceding chapters found that the formation of a region-wide FTA would benefit East Asian countries by promoting economic growth through the expansion of vertical intra-industry trade. An FTA, one form of regionalism, has been shown to contribute to economic growth for the member countries while it is likely to give negative impacts for non-members, because of its discriminatory nature. It has also been found that the larger the number of members, the

greater the benefits accrued to the members. In light of these observations, it is important to set up an FTA that includes all East Asian countries. With this observation in mind, the chapter examines how CJK should decide their strategies regarding the membership so as to reach the goal of setting a region-wide FTA. This chapter sets up three player game incorporating China, Japan and Korea (CJK) with their FTA strategies toward ASEAN member countries. It explores the possibility of CJK countries in creating or withholding FTA with ASEAN with the corresponding reward given in the form of payoff matrix. The Nash equilibrium in this game happens when China, Korea and Japan are playing the same strategy for creating an FTA. The chapter also finds that Japan's FTA strategy will be the most effective for regional settings. Although the game is analyzed as backward looking, it has created a benchmark towards the future FTA policy in East Asia.

Chapter 6 summarizes the main results of the previous chapters and presents some concluding remarks. East Asian Regionalism in the form of a region-wide FTA would bring about economic growth for the countries in the region, as it expands intra-regional trade mainly in the form of vertical intra-industry trade. An expansion of intra-regional trade in turn plays an important role in technology transfer, contributing to economic growth. When it comes to a leadership role for promoting and establishing a region-wide FTA in East Asia, the theoretical analysis in this dissertation indicates that Japan should play a leading role. However, in reality it is not easy for Japan to play that role and thus the ASEAN has been playing a leadership role, or sitting in a driver's seat. The dissertation ends with the necessity of constructing a model that incorporate many aspects of regionalism jointly, some of which are taken up in this dissertation although separately.

III. Evaluation

Regionalism has been attracting a lot of attention of various groups of people, including not only policy makers and business people but also researchers and journalists. In particular, free trade agreements (FTAs), which treat the members preferentially by removing barriers in trade between the members while maintaining the

barriers on trade with non-members, have become central trade policy tools, as the multilateral trade negotiations under the World Trade Organization (WTO) have been stalled for many years. Indeed, a number of FTAs have been enacted in East Asia, resulting in complicated web of FTAs. Faced with the possible negative impacts of “noodle bowl” effect from the proliferation of FTAs, an idea of setting up a region-wide FTA emerged from policy makers, business people, researchers, and others. Against this background this dissertation has analyzed the issues related to region-wide FTAs in East Asia with a focus on China, Japan, and Korea (CJK), the three major countries in terms of economic size, and their relationship with ASEAN.

Despite an increased interest in region-wide FTAs, there have been very few studies that addressed the issues empirically and quantitatively. Many of the previous studies adopted general equilibrium simulation methods to study the impacts of region-wide FTAs. In light of these developments, this dissertation contributes significantly to the study of region-wide FTAs by adopting the methods that have not been applied in the past. Specifically, this dissertation analyzes possible impacts of region-wide FTAs including CJK FTA and East Asia FTA (CJK and ASEAN countries) from macroeconomic and microeconomic perspectives by applying various econometric tools including the time-series analysis and simultaneous equations systems. Besides, a game theoretic approach has been applied to investigate the sequencing of bilateral FTAs toward the establishment of an East Asian FTA.

The most important contribution of this dissertation is the application of new approaches to the study of regionalism, in particular, FTAs. By applying the new approaches, the study could shed light on new aspects of the issues such as sequencing of FTAs concerning the establishment of an East Asian FTA. Moreover, the findings about the importance of China, Japan, and Korea for achieving economic growth in East Asia and for the establishment of an East Asian FTA contribute to the discussions of a region-wide FTA in East Asia.

There are several issues that should be pursued in the future research. One is theoretical underpinning of the empirical models used in the study. For example, the relationship between vertical intra-industry trade and economic growth, which was

shown to have positive relationship, has to be established in a theoretical model. Without theoretical underpinning of the relationship, one cannot establish the causality relationship, which is necessary to derive policy implications. Similar analyses are expected to be applied to study different FTA schemes, one of which is the Trans-Pacific Partnership (TPP), one of the most hotly debated FTA in Asia Pacific.

IV. Decision of the Committee

Considering the results of careful assessment of the submitted dissertation, which is presented in section III of this report, the oral presentation of the dissertation and subsequent discussions, which was held on November 24, 2012, the Committee members came to a unanimous decision that Fithra Faisal Hastiadi, the author of the submitted dissertation, should be granted a Ph.D.

January 7, 2013

Evaluation Committee

Main Examiner: Shujiro Urata Ph.D (Stanford University)

Professor, GSAPS, Waseda University

Deputy Examiner: Nobuhiko Fuwa Ph.D (University of California, Berkeley)

Professor, GSAPS, Waseda University

Examiner: Kazuhiko Yokota Ph.D (University of Colorado, Boulder)

Professor, School of Commerce, Waseda University

Examiner: Atsuyuki Kato Ph.D (University of Essex)

Assistant Professor, GSAPS, Waseda University